

**University of California comments on
California Performance Review Report
Chapter 3: Education, Training and Volunteerism**

ETV 02 — Create an Education and Workforce Council

CPR Recommendations:

- A. The Governor should issue an Executive Order establishing an Education and Workforce Council.**
- B. The Council members should be executive leaders from the state's education segments and the cabinet secretary responsible for labor market information studies and workforce development programs.**
- C. The Education and Workforce Council should be responsible for developing the Workforce Preparation Strategic Plan, recommending federal Workforce Investment Act (WIA) funding, participating in the update of the California Master Plan for Education, providing policy guidance on emerging issues of workforce development, and advising the Secretary of Education about emerging issues impacting the goals and objectives of the Workforce Preparation Strategic Plan and the Master Plan for Education.**

UC Recommendations:

Workforce training and development are critical to California's economy, and the University has participated in many efforts to better prepare the labor force. We suggest that Council include economic development and creation of new high wage jobs among its responsibilities. While a new Workforce Council can help better connect educational institutions with the needs of business and the economy, we believe that the Master Plan coordinating body for *higher education* (currently CPEC) should retain the function of assessing the need for new academic programs in higher education.

UC Comments:

Job training depends on job creation. UC has participated in previous state efforts to better prepare the labor force. In addition to workforce training, the emphasis of this council should include economic development and activities that lead to the creation of new high wage jobs. Targeted investment in activities that lead to the new industries and new jobs is a precursor to working with the state's educational institutions to train skilled and knowledgeable individuals for those jobs.

Higher education coordinating body has responsibility for examining workforce needs. The California Postsecondary Education Commission or any independent higher education coordinating body that succeeds it should retain current responsibilities for studies of higher education workforce needs. See discussion below in ETV 3 about retaining CPEC. The Master Plan for Higher Education, which essentially resulted from a CPR performance review of higher education in 1959, created the Coordinating Council for Higher Education, succeeded in 1973 by the California Postsecondary Education Commission. One of the key Master Plan functions of the coordinating agency is to review proposals for new academic programs, schools, and campuses to ensure that state resources are meeting state needs without unnecessary duplication.

ETV 03 — Consolidate Selected State Higher Education Agencies

CPR Recommendations:

- A. The California Community College Chancellor's Office, the California Postsecondary Education Commission, the California Student Aid Commission and the Bureau for Private Postsecondary and Vocational Education should be restructured and consolidated into a single, unified Higher Education Division.**
- B. The Higher Education Division should be responsible for strategic planning for each of the consolidated entities and for coordination of policy, programs, resources and services across these systems.**

UC Recommendations:

The University of California has serious concerns regarding the consolidation of several independent higher education agencies into a single Higher Education Division within a new Department of Education and Workforce Preparation.

Today, as California faces another tidal wave of students entering higher education, we believe the Master Plan for Higher Education is as wise and sound a guide as it was four decades ago. In addition to preserving the Master Plan's differentiation of functions and admissions pools, we believe we should preserve the principle of lay governing boards and commissions insulated from political considerations in higher education policy setting and decision-making. In particular, we recommend:

Strengthening rather than eliminating the statewide governing board for the California Community Colleges. As CPR recommendation ETV 15 makes clear, community college transfer is critical for the success of California students and the Master Plan. Numerous studies, including Master Plan reviews, have all come to the same conclusion—the community colleges need to be treated like an equal segment of higher education with a statewide governing board that has authority similar to that of the UC and CSU governing boards. Issues such as transfer and focusing the CCC mission (ETV 19) can only be achieved if the statewide CCC governing board and the CCC Chancellor's office are given sufficient authority and capacity to work effectively as a higher education partner with the four-year segments. Public higher education segments, including the community colleges, should be governed by lay governing boards with sufficient independence and authority to carry out their missions. The majority of the members of each board should be appointed by the Governor to fixed and lengthy terms to ensure stability and independence.

Maintenance of an independent coordinating and planning agency. The University strongly supports maintaining and adequately funding a higher education coordinating and planning agency such as CPEC in order to carry out the important Master Plan functions of higher education coordination, long-range planning and policy analysis. UC believes that the key Master Plan roles of coordination, long-range planning, new campus review, academic program review, and independent policy and fiscal analysis will be overshadowed if the coordinating function is collapsed into a new division within a new Department of Education and Workforce Preparation that has other major administrative and program responsibilities. The coordinating function is best accomplished either under a lay commission that has independent authority or a coordinating council representative of all the segments of higher education.

Operational responsibilities need be delegated to the segments as much as possible. To allow the statewide higher education coordinating entity to be visionary and independent in its assessment of the directions that higher education should be pursuing, the coordinating entity should not have responsibilities for managing or administering any higher educational programs. Merging operation of higher education programs with the higher education policy and coordination functions has great potential to (1) compromise the independence/integrity of the policy and coordination functions and, (2) in a resource-constrained environment, compromise the ability to the entity to carry out the policy and coordination functions because of inadequate resources and attention in comparison to those devoted to operations.

State agencies charged with higher education coordination, policy, and planning (such as CPEC and the Student Aid Commission) should be governed by boards or commissions with (1) lay members appointed to fixed terms that exceed the term of the appointing authority and (2) members that are representatives of the affected higher education institutions. This model insures insulation from undue political influence in the establishment of academic policies and facilitates coordination of the various sectors of California higher education. Under the lay commission model, neither the Legislature, the Administration, nor the governing boards are excluded from the policy process in that decisions are still subject to legislative, budgetary, and administrative actions. The model does ensure that there is a focused place for discussion of cross-cutting higher education issues with some independence and distance from the day-to-day politics of Sacramento. Alternatively, we would be amenable to the creation of a coordinating entity composed of representatives of the various segments.

UC Comments:

The 1960 Master Plan for Higher Education organized a disorganized system of higher education and has been spectacularly successful. In 1960, with the exception of the University of California under the Regents, public higher education was governed by the State Board of Education, with both the state colleges (now universities) and the junior (now community) colleges under the State Board of Education.

A key recommendation of the Master Plan was that CSU be given its own lay governing board with similar authority as given to the UC Regents. In addition, the Master Plan recommended that local community college districts be separated from K-12 districts and operated as higher education institutions. These recommendations led to the establishment of separate governing boards for CSU (1960) and CCC (1967).

A key feature of the Master Plan was for the state to have a planning and coordinating agency with senior representatives of each of public and private segments of higher education to coordinate the orderly planning and expansion of the higher education system in a period a major enrollment growth. The California Postsecondary Education Commission (CPEC) succeeded the original Coordinating Council for Higher Education in 1973 with similar functions—the major change being a majority of lay commission members appointed by the Governor and Legislature rather than a majority of segmental representatives. CPEC retained the important Master Plan coordination functions of analyzing the need for and making recommendations on the approval of new campuses and new academic programs.

The Master Plan successfully transformed a collection of uncoordinated and competing colleges and universities into a coherent system. It achieved this by assigning each public segment its own distinctive mission and pool of students in addition to a lay governing board. The Master Plan established a broad

framework for higher education that encourages each of the three public segments and the independent sector to concentrate on creating its own distinctive kind of excellence within its own particular set of responsibilities.

The Master Plan created, for the first time anywhere, a system that combined exceptional quality with broad access for students. Enrollments in public higher education have increased nine-fold (from 179,000 to 1.7 million FTE) since 1960, while the state's population has only slightly more than doubled (15.3 to 35.6 million). UC, CSU, and the community colleges have all grown enormously since 1960 in response to steadily increasing demand for education. UC has added four new campuses (including Merced), the CSU has added eight, and the Community Colleges added 46 (from 63 to 109) new colleges.

CPR Recommendation F:

The Governor, through the Secretary for Education or his or her successor, should direct CTC to resume accreditation visits in FY 2004-2005. The Governor should direct the Department of Finance or its successor to authorize CTC, as necessary, to charge institutions for the costs of accreditation.

UC Recommendation:

We are concerned that this proposal shifts costs from one set of set of state entities to another, with no real savings. We believe it would be more helpful to focus on ways to reduce the administrative burden and the cost of accreditation visits.

UC Comments:

UC is concerned with Recommendation F that suggests that the CTC charge institutions for the costs of accreditation in order to reverse recent loss of revenue due to reductions in applications for emergency permits. UC campuses already incur significant costs and staff time in order to prepare for CTC accreditation of their programs (which takes approximately two years), and any additional costs would be especially burdensome to the University. In addition, paying for the entire cost of accreditation raises conflict of interest questions of concern to the University. If institutions are “paying” for accreditation, we would need to be certain that the accreditation is truly independent.

The CTC has convened a working group, in which UC participates, to address issues related to accrediting teacher preparation programs. The working group is reviewing the entire accreditation system in an effort to ensure that accreditation is cost efficient and effective for both the institutions and CTC while at the same time maintaining the rigor and integrity of the process. The CTC currently provides institutions two years notice prior to engaging in an accreditation review of their programs. (The 2003 evaluation of California’s accreditation policies and procedures conducted by the American Institutes for Research, confirms the requisite two-year time frame to prepare for a visit.)

In 2003-04, the Commission voted to suspend accreditation visits during the 2004-05 academic year. UC is concerned that the recommendation to resume visits in 2004-05 does not allow the work group to complete its review, it violates the Commission-approved action on accreditation for 2004-05, and does not allow institutions adequate time to prepare for visits this year.

ETV 15 — Make it Easier for Students to Transfer from a Community College to a University

CPR Recommendation:

The Governor should work with the Legislature to develop core, lower division, general education and major requirements that are recognized and accepted by all California public universities, as well as a conditional acceptance process that guarantees a transfer student's admission to a specific campus and major if the student meets the stated requirements.

UC Recommendation:

The University supports the aim of this recommendation to simplify and streamline the transfer process. Rather than specifying details about the curricular content of the lower division program and other program inputs, UC recommends that state should set output goals for increased transfer success the way it has in recent compacts.

Transfer is a very important and complex function. Each student has different needs depending on their life situation, field of study, and educational institution. We believe transfer success depends upon providing students a wide variety of tools based on their needs and to ensure that they are academically prepared to succeed at a four-year institution. UC will continue efforts to ensure that transfer students do not take unnecessary courses in either the lower or upper divisions of their baccalaureate degree programs.

UC Comments:

We agree that the public segments should work to create clear transfer paths and to minimize the number of unnecessary classes students take in pursuit of their baccalaureate degrees. Over the last five years, new fall community college transfers to UC have increased by an average of 7.5 percent per year. In addition, community college transfer performance is very high once these students transfer to UC—77 percent graduate within four years of transferring to UC and the average time to degree for a transfer students is 2.3 years, almost the same as for continuing UC students (2.2. years). To further improve our transfer efforts, UC:

- Adopted the Intersegmental General Education Transfer Curriculum (IGETC), a series of courses prospective transfer students may complete to satisfy the lower division breadth/general education requirements at both the University of California and the California State University;
- Supports Project ASSIST—the official statewide repository of articulation information that provides community college students and counselors a quick reference guide to determine whether or not a course is transferable to any given UC or CSU campus, and, if transferable, whether the course satisfies a major preparatory, general education, or IGETC requirement (course “equivalency”);
- Articulated the top 20 high demand majors at six campuses with all 109 CCCs. UC expects to complete articulation of the top 20 majors at the other general campuses with all CCCs by 2005-06 (Partnership Agreement between UC and former Governor Davis);
- Articulated all majors at five campuses with all CCCs and plans to complete articulation of all majors at the other general campuses with all CCCs by 2005 (Higher Education Compact with Governor Schwarzenegger);
- Has agreed to work with other public segments on a new common course numbering system as outlined in recent legislation (SB 1415, Brulte); and

- Participates in IMPAC—an intersegmental project to facilitate regional and statewide faculty discussions on lower division course requirements for completing transfer to UC or CSU, including major prerequisites.

Core lower division general education and major requirements. Beyond these initiatives designed to make transfer from community colleges to public four-year institutions easier for students, UC agrees that the system could use additional improvements. The CPR report states that the absence of uniform major requirements across systems and campuses discourages many students from pursuing a bachelor's degree and, for those who persist, leads to an inefficient and costly expenditure of state postsecondary resources. Specifically, it reports that community college students transferring to UC accrue an average of 90 semester units—20 units more than the maximum number allowed for transfer credit. The University is concerned about this finding and will review this conclusion since this is inconsistent with related data UC has on transfer students.

Absent additional information at this point, it is still crucial to consider why transfer students may be taking extra units. To what extent are extra units attributable to factors other than major requirements, for example change of student major or goals, misinformation, etc.? To what extent do campus variations in major prerequisites contribute to large numbers of excess units? Are such variations warranted given disciplinary specializations? Could these variations be minimized to stimulate more efficient transfer by greater numbers of students? Would greater similarity in core requirements by major decrease the number of extra units students take? Would students continue to be adequately prepared for upper division work at particular campuses if lower division requirements are too homogeneous? To what extent would homogenization of lower division curricula result in students being less prepared for upper division work, resulting in higher student attrition levels for transfers?

These questions are important and should be explored before mandating development of major core curricula to be recognized by all public universities in California. Significant considerations in contemplating the CPR recommendation on transfer include:

1. Value of curricular diversity. It is critical to balance the demands of clear, efficient transfer paths with the vitality of diverse curricular offerings. One of the great strengths of California's higher education enterprise is the diversity of its programs and the ways in which this diversity serves societal needs. Increasing refinement of knowledge in several fields, particularly science and technology, requires specialization relatively early in students' educational careers. For example, many lower division students take calculus but the type of calculus course taken depends on intended major or even intended emphasis *within* a given major. Prospective math, engineering, and physical science majors take a very challenging theory-based series while social science and non-science majors take an applied, slightly less difficult series. Certain disciplines such as economics do not automatically prescribe one series or another; which series is most appropriate depends on the nature of the upper division work students wish to do. All upper division work in the UCLA economics department requires the rigorous application of mathematical concepts so the economics major on that campus requires the more challenging series. At other UC campuses, students can choose from a variety of upper division emphases in economics that use calculus to a greater or lesser degree. The calculus requirements vary accordingly.

2. Ensuring student academic success. Fundamental to all changes in transfer, including the potential development of core general education and major requirements, is the effect those changes have on academic outcomes. When working toward greater uniformity in transfer requirements, the segments

must ensure that students are well prepared for the upper division work specific to majors at their destination campus. It is highly undesirable that transfer students enter a major where continuing UC students have had the opportunity to receive much stronger preparation; such disparities raise attrition levels among transfers. Transfer students have been quite successful at the University as demonstrated by GPA, time-to-degree and graduation rate figures. Strong lower division preparation—whether covered by an individual articulation agreement or a broad set of core requirements—is needed to maintain this record of success.

3. Limits of potential “remedies” to the excess units phenomenon. Students, both traditional college-going 18-22 year-olds and their older, non-traditional counterparts often do not follow a straight-line path to a degree. Some amount of exploration and sampling of classes helps students ascertain which area of study best suits their interest and ability to contribute to society. The personal choices that lead students to take additional classes and/or switch majors in the course of this search may not be controllable through changes in state or institutional policies.

The University recognizes that improving the transfer function remains an important challenge which all segments must help meet. We concur that some commonality of major expectations would be helpful to transfer students. In fact, such commonality already exists to a degree among UC campuses and students have a mechanism to identify areas of overlap. An “explorer” function in ASSIST allows students to compare the major requirements for multiple UC campuses.

Moreover, the University’s Academic Council plans to continue discussions on various aspects of improving transfer. Topics include whether equivalency of transferable community college courses at a subset of UC campuses should translate into equivalency of those courses at all University campuses. In addition, University faculty involved with IMPAC are conferring to understand common ground in the disciplinary knowledge base expected of students for a given major. This type of collaboration is an essential precursor to the potential development of any major core requirements in the future.

Conditional acceptance process to guarantee major and campus-specific admission. The CPR report recommends development of a conditional acceptance process that would guarantee a transfer student admission to a specific campus and major if the student meets core general education and major requirements. As noted above, disciplinary specialization by campus often necessitates that lower division work include unique elements to appropriately prepare transfer students to upper division study of a given major at a particular campus. Accordingly, should some type of core requirements be developed in the future, fulfillment of those requirements alone would not necessarily guarantee students admission to specific majors on a specific campuses.

The University does currently offer a variety of regional programs that guarantee transfer admission to certain campuses and majors. Such guarantees are possible as they are based on agreements between UC campuses and individual students enrolled in community colleges located in a UC campus’ region. Very successful for participating students, these programs are also costly to organize and administer. In order to enlarge existing programs or develop new programs, resources would be required. The amount depends upon the type and scope of such new efforts.

ETV16 — Provide a Fee Waiver in Lieu of a Cal Grant Award

CPR Recommendations:

- A. The Governor should work with the Legislature to amend relevant Education Code sections replacing portions of the state's current Cal Grant A and Cal Grant B programs with a new fee waiver program at the state's public universities.**
- B. Beginning in 2006-2007, Cal Grant funds for financially needy students at California community colleges should be appropriated directly to the community colleges.**

UC Recommendation:

UC enrolls the highest percentage of low-income students at any public or private research university in the country. The University has serious concerns that the recommendations of ETV 16 in their current form would reduce the University's ability to remain accessible for all eligible students regardless of their economic circumstance. Instead, UC recommends achieving the proposal's goals of cost savings and administrative simplicity by moving towards a streamlined Cal Grant delivery system.

The state could simplify the Cal Grant program and achieve administrative savings through less drastic measures that would not reduce access for low-income students. Specifically, UC recommends that the Student Aid Commission pursue the following objectives:

- *Streamline the Cal Grant application process.* UC recommends that the Commission work with the segments to accelerate its efforts to enable all California high schools to submit students' GPAs and any other necessary information to the Commission electronically, thereby relieving applicants of this responsibility. This would simplify the application process for students and should result in lower administrative costs for CSAC.
- *Communicate more efficiently and more effectively with students.* Currently, the Commission issues one or more letters to students via U.S. mail in order to inform students of their award status and/or to request additional information. Often this communication is redundant or confusing because the student has already received a similar, preliminary notification or request from the institution(s) to which the student has applied. We recommend that CSAC work with the segments to reengineer its processes to reduce duplicative or confusing communication with students and to reduce its operating expenses.

UC is already an active participant in discussions with the Department of Finance and Commission staff on ways to reduce state expenditures and to provide better service to students. UC recommends that the state continue these efforts to improve the Cal Grant program. We do not support converting Cal Grants into fee waivers.

UC Comments:

The University has three serious concerns regarding the proposal: First and foremost, the proposed fee waiver program would divert critical financial aid resources away from the neediest students and toward students with less need. Second, the proposal would not make the financial aid application process

appreciably clearer or more predictable for students and their families. Finally, there would be uncertainty in funding the program that could impose a burden on UC's already strapped budget.

The CPR cost estimates for ETV 16 are based upon data from 2001-02, which pre-dates the recent fee increases at UC. As a result, the cost estimates are significantly understated. Using more recent data, we estimate that the cost of such a proposal in 2004-05 would be as follows (assuming fee waivers are capped at student need, and that there would be no increase in the number or distribution of aid recipients):

Cost of providing fee waivers to eligible students:	\$400.6 million
Funds provided by the state/	
Estimated 2004-05 Cal Grant awards:	\$213.6 million
Funds reallocated from UC institutional aid:	\$187.0 million

The proposal would thus reallocate \$187.0 million (85.4%) of the \$218.9 million in University Student Aid Program (USAP) funds that UC students will receive as need-based institutional grants in 2004-05. This is not “a relatively small portion” of UC institutional aid as suggested in the proposal. As a result, only \$31.9 million of USAP would be available to use flexibly to address the total educational costs to UC’s neediest undergraduates for essential non-fee expenses such as housing, meals, transportation, textbooks and other living expenses. These non-fee expenses constitute the bulk of UC students’ total cost of attendance, and are estimated to be \$13,726 in 2004-05 (70.7% of total cost of attendance).

ETV 16 attempts to reduce the administrative expenses associated with the Cal Grant program. However, it would also reduce access to the University for the state’s neediest students.

- The proposal would reduce aid available for most low-income UC students, including most Cal Grant B recipients, in order to provide fee waivers to less needy students, including students whose family resources exceed the Cal Grant program’s current income and asset ceilings.

We estimate that under this proposal, the net cost of attending the University would increase for at least 68% of undergraduate need-based aid recipients; the average parental income for dependent students in this category is approximately \$30,350. In contrast, we estimate that the net cost would decline for about 26% of undergraduate need-based aid recipients; the average parental income for dependent students in this category is over \$73,400. Among independent students, the net cost would increase for 91% and decrease for only 9%.

It is important to note that this proposal does not increase the overall amount of financial assistance available to UC students – it merely reallocates a large portion of the assistance from students with high need to students with relatively less need. This proposal would transfer approximately \$41 million in aid from independent students and dependent students from families earning less than \$50,000 to dependent students from families earning more than \$50,000 per year.

- This proposal does not make the financial aid application process clearer or more predictable to potential students and their families. Although students would no longer have to submit a GPA verification form in order to receive a Cal Grant at UC or CSU, they would still need to submit a form if they were considering a private or proprietary school. Also, students would have almost as much difficulty predicting eligibility for a fee waiver as they now have predicting their eligibility for a Cal Grant. Families would still not know in advance if they qualified for the fee waiver until after

a) their FAFSA (Free Application for Federal Student Aid) was submitted, b) they received their student aid report from the federal processor, and c) they consult the cost of attendance information for the campus the student had selected. Even then, the student's eligibility would be subject to verification by the institution the student attends.

- The viability of the proposed program is based upon the unstated presumption that the state would fully fund the program in the future. The state has fulfilled its strong commitment to the Cal Grant program for many decades in part, we believe, because of the high public visibility of the program as a distinct state priority. We feel that a segmental fee waiver program might not enjoy the same commitment, particularly during times of economic distress. UC would thus be committed to offering fee waivers to students, but then might not be fully reimbursed after the completion of the state budget process. UC would then have to divert resources from other sources to pay for the gap.
 - The proposal is vague on several key aspects of how the fee waiver process would work.
 - No mention is made of how students attending independent or proprietary schools would be handled.
 - The CPR savings estimates are inflated by including savings from FY 2004-05 and 2005-06 when the proposal is assumed not to be in effect until July 1, 2006, after FY 2005-06.
-

ETV 17 — Make Higher Education More Affordable by Reducing the Cost of Textbooks

CPR Recommendation:

The Governor should work with the Legislature to enact state law in an effort to reduce the cost of college textbooks.

UC Recommendation:

UC is concerned about the rising costs of college textbooks and recognizes that there is a need to establish processes to help ease that burden. However, UC would be concerned about restrictions that would prevent university faculty selecting course textbooks based on academic considerations.

UC Comments:

The University of California is concerned about the increasing cost of higher education, including the rising cost of college textbooks. We understand there has been growing concern around the nation regarding college textbooks – that they are too expensive, unnecessarily bundled with other items that drive up prices, and revised more frequently than needed. Reducing the burden of college textbook costs is a worthwhile goal that the University supports.

UC campuses already have processes in place to help ease the burden of high textbook costs for students. For instance, campuses have in place textbook buy back programs whereby students have the potential of selling their books back to the campus bookstore after completion of a course for up to 50% of the market price; there are also online book exchanges and textbook swaps available at the campuses.

The University recognizes that additional activities may help reduce the cost of textbooks for students. UC has reviewed and participated in discussions regarding two state bills, AB 2477 and AB 2678 that if enacted would begin to address the problem of college textbook costs. These bills have passed the Legislature and are currently awaiting the Governor's signature.

An important point noted by UC is that ETV 17 in its current form contains language suggesting that university faculty be required to take certain steps with respect to their selection of course textbooks, such as choosing books only from publishers who agree to follow a certain practice. This aspect of the proposal goes against the academic freedoms extended to faculty in all segments of higher education. Efforts to contain textbook costs should not have negative consequences on the quality of education provided to university students. The faculty should be free to select whatever textbook will give students the best, most competitive education in their field of study. To dictate which course materials faculty may use or how they should select course textbooks would impinge on the academic judgment that has long been purview of faculty alone. This language is not in the two bills under consideration in the Legislature.

ETV18 — Increase College and University Tuition for all Non-Resident Students

CPR Recommendation:

The Governor should work with the University of California Board of Regents, the California State University Board of Trustees, and the California Community Colleges Board of Governors or its successor to increase non-resident tuition at all state colleges and universities by 45 percent above 2003-2004 rates.

UC Recommendation:

We suggest the State continue to follow existing policy for increasing non-resident tuition and not set a specific target beyond recent large increases, which already have the potential to adversely affect academic programs and California's ability to recruit the "best and the brightest" from other states and countries. Some of the CPR projected savings of over \$1 billion will already be captured by recent increases in non-resident tuition, but that estimate should be revised to take into account financial assistance provided to UC non-resident graduate students. Further, this proposal will result in a revenue loss for the University because non-resident students pay the full cost of their education and in some cases, help subsidize certain programs.

UC Comments:

Existing state policy regarding adjustment of tuition provides that two factors be taken into consideration: (1) the average cost of instruction; and (2) the average of total tuition and fees charged at comparable public institutions. The University has set tuition rates consistent with the state policy since it was adopted in 1990.

Tuition and fees for nonresident undergraduate students is estimated to be approximately \$23,200 in 2004-05, an increase of nearly 65% since 1999-2000. For the past three years alone, increases in total charges for these students have averaged nearly 16% annually.

As noted in the report, UC's charges were already 36% higher than the national average for comparable institutions prior to the significant increases in the 2004-05 academic year. Given the significant increases in tuition and fees for nonresident students for 2004-05, we are concerned that increases of the magnitude recommended in the report will impact the number of nonresident students enrolled at the University. The University has already seen a decline in the number of nonresident applicants for the University for 2004-05 and will soon know how many nonresident students are actually enrolling.

The University may be approaching a point where further non-resident tuition increases may be counter-productive. If additional, significant increases in tuition and fees reduce enrollments, the University could experience a net reduction in non-resident tuition revenue, rather than an increase. Because non-resident students pay the full cost of their education and in some cases, help subsidize certain programs, non-resident enrollment declines do not necessarily translate into more spaces for resident students.

We are concerned that the University will become less competitive in attracting nonresident students to the University if tuition and fees are increased so significantly. A large number of nonresident students find employment and remain in California when they have completed their degrees. If UC is unable to attract the best students for its degree programs, the California workforce may also be impacted.

The University draws from the very best students in the state, the nation, and the world. Our diverse student population contributes to the University's rich intellectual environment in part by providing perspectives that enhance efforts to understand societal and cultural differences critical in many areas of study. In this way, the presence of non-California and international students enhances both undergraduate and graduate education, and enhances our ability to prepare students who are able to function well in our increasingly global society and economy.

The CPR Report asserts that increasing the non-resident tuition would not “scare off” non-resident students, citing as support the abstract from a 2003 study of public universities’ nonresident tuition policies. However, that study (a) did not address whether or not student enrollment decisions were influenced by changes in tuition rates (b) did not include graduate student enrollment, and (c) was based entirely on data from the 1980s and 1990s, prior to significant tuition increases at public institutions. Indeed, the authors found that “public universities use out-of-state enrollments primarily to augment student quality, not to make up for losses in state appropriations.” If UC were to significantly raise nonresident tuition, many of the most sought-after nonresident students – who often enjoy multiple offers from other institutions – would likely decide to enroll elsewhere, thus diminishing a valuable institutional resource. Raising non-resident tuition imposes a cost that is not included in the CPR Report’s calculations.

California workforce needs also may be negatively impacted by significant increases in tuition and fees for nonresident students. In addition to the benefit California receives from the many non-resident students who stay in this state to contribute to our economy as academics and as highly trained professionals in fields such as information technology, we also benefit from having international non-resident students return home because they establish economic, political, and scientific exchanges with California and the U.S. Students educated here in fields such as public health and business may use their training in their home countries in ways that will be of benefit to all.

The University of California is one of the world's premier research universities, in part because we draw the most talented students both from this country and from around the world. Talented international students contribute to the “intellectual capital” of the University. Diminishment of the international student population would impede the University of California's efforts to maintain its status as a world class research institution. At a time when knowledge on global issues and sensitivity to other cultures is most urgent in this country, international sophistication in California must be reinforced. The cost of non-resident tuition has already made prohibitive enrollment by many foreign nationals, and increasing non-resident tuition yet again would create even further disincentives to seek an education at UC.

Finally, non-resident tuition and fee increases could hurt the quality of UC’s graduate programs. Currently, the University provides tuition fellowships and research assistantships to graduate students in academic disciplines that cover approximately 50% of the nonresident tuition paid by these students. An increase in nonresident tuition would increase the cost to the University of providing this support. The potential impact would be particularly acute for international students, who are among the most accomplished graduate students at UC. Large increases in nonresident tuition would provide many faculty researchers with a disincentive to offer assistantships to these students, given the financial constraints of their research grants. If the University is unable to support prospective international graduate students by covering tuition and fees, these students are likely to enroll elsewhere. Since many international students are uniquely qualified to act as professional researchers on vital UC research

projects, many projects (including grant funded projects) might be endangered, resulting in major scientific and economic losses.

ETV 21 — Improve Higher Education Accountability to Meet State’s Needs

CPR Recommendations:

- A. The Governor should issue an Executive Order containing a clear set of statewide goals and expectations for the state's system of public colleges and universities.**
- B. The Secretary of Education, or his or her successor, and the California Postsecondary Education Commission, or its successor, should work with key stakeholders to develop an enforceable state-level accountability system that produces meaningful information to measure progress toward the state policy goals established by Executive Order.**
- C. The Secretary of Education, or his or her successor, should publish a report with the results of this state-level performance measurement. The report should be provided to the Legislature by November 15 of each year.**
- D. The Governor should support the concepts contained in Senate Bill 1331 to establish a statewide California postsecondary accountability structure.**

UC Recommendation:

The University supports the aim of this section: to improve higher education accountability to meet the state’s needs. This can be done without creating a third accountability process beyond the two frameworks discussed below.

For *segmental* accountability linked to the budget process, Governor Schwarzenegger’s Higher Education Compact provides an approach that links state resources to segmental performance in achieving state goals. The Compact specifies a six-year funding commitment, which is dependent on UC’s ability to meet key goals, including: guaranteeing enrollment access to students consistent with the Master Plan; ensuring students access to the courses they need for timely graduation; improving course articulation to streamline transfers; and improving graduation rates and time to degree. The Compact also has detailed reporting requirements that specify UC provide annual data to the Dept. of Finance on issues that have traditionally been of high importance to the State.

For *statewide* accountability, UC supports the Higher Education Accountability Framework contained in SB 1331 (Alpert, 2004). SB 1331 provides the most promising path to implementing an accountability framework in an efficient manner that builds on a consensus that was developed between representatives of the segments, the Legislature, and national experts in higher education policy. An independent entity such as CPEC or its successor should oversee the higher education accountability framework and that framework should inform policy and budget development but not be a performance-based budgeting system that would duplicate the budgetary accountability provided by the Governor’s Higher Education Compact.

UC Comments:

We agree with the underlying aims of Recommendations A, B, and C: that California should have a clear set of policy goals, that stakeholders should collaborate to develop an accountability system to measure progress toward those goals, and that an annual report should contain measures of state-level performance. However, the essence of each of these three recommendations is included in the *statewide* Higher Education Accountability Framework proposed in SB 1331 (Recommendation D). That

framework builds on existing consensus developed among the segments, the Legislature and national higher education policy experts.

Policy goals for public postsecondary institutions derive from three sources: the Master Plan for Higher Education, long-term budget agreements such as Governor Schwarzenegger's Higher Education Compact, and enactment of state law. The Master Plan provides the long-term foundation for the state's higher education goals such as access. The compact/partnership agreements seek to stabilize higher education funding and set specific *segmental* accountability goals directly linked to provision of state resources. To complement these aims, a proposed state law (SB 1331) could accommodate a deliberative process between the segments, the Legislature, and the Administration to establish *statewide* goals and to create an accountability mechanism to monitor progress toward meeting those goals.

SB 1331 would implement the recommendations of the California Higher Education Accountability Advisory Group, a panel convened in March 2003 by two legislative entities (Senate Office of Research and the Joint Committee to Develop a Master Plan for Education). The group included national higher education experts, segmental representatives, and legislative staff. Through extensive discussion, parties outlined key principles for state-level accountability in California and enumerated four higher education goals: (1) educational opportunity, (2) participation, (3) student success, and (4) public benefits. In addition, they identified categories of data relevant to each goal and specific indicators appropriate to each category. Indicators could be measured on a statewide, regional and/or segmental basis depending upon the appropriateness and availability of data. In sum, the Advisory Group produced a template for an effective tiered accountability system that would measure overall progress on broad state goals and would provide for reporting of segment-specific information.

The state goals, measures of progress, and reporting requirements contained in SB 1331 are the result of successful collaboration between the Legislature and the public segments, informed by national experts in the field. Rather than duplicating this effort with gubernatorial and executive branch actions outlined in Recommendations A, B and C above, the state should implement Recommendation D and continue building on the accountability foundation articulated in SB 1331.

The University believes that an independent entity with higher education expertise (such as CPEC) should oversee and implement this accountability framework. Such independence is important for consistent, impartial reporting of accountability information over time. Creating and managing an effective accountability structure requires a long-term view—in the articulation of state goals, in the identification of meaningful measures toward those goals, in the reporting of information over a period of many years. This long-range perspective would be better served by an established organization specializing in higher education policy and operating with autonomy than by elected officials and their appointees who turn over regularly and are subject to shorter-term political constraints.

Second, UC supports state-level accountability that *informs* policy and budget development but that does not create a performance-based budgeting system. Though not included in the formal recommendations, performance-based budgeting is discussed in the CPR section on higher education accountability. The report from the CSU Sacramento Center for California Studies by Nancy Shulock and Colleen Moore cited throughout this CPR section does not support an accountability framework that includes performance-based budgeting. That study recommends “that accountability be clearly separated from performance budgeting and that the latter not become a central feature of an adopted framework for California.” While appealing in theory, performance budgeting has not worked well in practice and has been abandoned by many states that attempted to use it. The practice has inherent controversies

regarding the use of imperfect measures, targets, weights, and formulas for adjusting budgets. Moreover, most performance budgeting plans identify only a small percentage (2-5%) of the budget for rewarding performance. Compared to an approach that demands results from the state's entire budgetary investment, this approach marginalizes progress in critical areas of higher education.

ETV22 — Reduce the Cost of the State's Student Loan Guarantee Function

CPR Recommendations:

- A. The Secretary of Education, or his or her successor, should ensure that the California Student Aid Commission, or its successor, issues a Request for Proposals to solicit competitive bids for the delivery of student loan guarantee administrative services required under the Federal Family Education Loan Program.**
- B. The Governor should work with the Legislature to amend Education Code Sections 69522-69529.5 to allow the state's public benefit auxiliary corporation to compete as a provider of student loan guarantee services.**

UC Recommendation:

At the present time UC is satisfied with the level of service provided by EdFund. Putting the loan service process out to bid might result in a new contractor who would provide a lower level of service to UC and UC borrowers. EdFund has also expanded volume and used voluntary flexible agreements to generate revenue that has resulted in an operating surplus, which has been available to the state. Given the uncertainties involved, any decision to replace an entity that is performing well through a bidding process should be approached cautiously.

ETV23 — Expand Options for Obtaining a Bachelor's Degree

CPR Recommendation:

The Governor should work with the Legislature to create a pilot program allowing approved community colleges to offer bachelor's degrees. Under the pilot program, individual community colleges interested in offering a bachelor's degree would submit a proposal for approval by the Secretary of Education, or his or her successor.

UC Recommendation:

The key Master Plan for Higher Education principle on differentiation of function should not be modified to allow the community colleges to offer bachelor's degrees independently from the four-year higher education segments. Instead, we suggest assessing the need for bachelor's degrees throughout the state rather than giving the community colleges authority to independently offer this degree. Providing bachelor's degrees to any identified underserved areas can be addressed through innovative programs delivered by the faculty of the four-year segments either on the campuses of community colleges or through distance education. Those approaches should be fully explored before a major rewriting of the Master Plan is undertaken.

UC Comments:

In our discussion above of **ETV 03**, we support that concept that community college governance needs to be strengthened. However, UC is strongly opposed to Recommendation **ETV 23** that seeks to create a pilot program allowing community colleges to offer bachelor's degrees. California's Master Plan for Higher Education has worked precisely because functions and responsibilities were differentiated among the segments both so the segments could focus on excellence in their own area and also to provide major cost savings to the state. Major cost savings were realized through the structuring of undergraduate admissions: UC and CSU agreed to tighten admissions standards such that the top one-eighth and one-third rather than larger proportions would be eligible and the community colleges were to handle a much greater number of the students undertaking their first two years of a baccalaureate program. Restricting the community colleges to first two years had two benefits—it allowed for much smaller class sizes at the lower division and allowed the state to limit the type of investment it would need for the more advanced upper division laboratories and facilities to UC and CSU. It also allowed for UC and CSU to have a greater diversity of majors and hire faculty at the cutting edge of their disciplines.

For the community colleges to teach upper division courses would require large start-up costs to provide those facilities and might require hiring more specialized faculty at considerable cost above current levels. As it is, in the sciences, many community colleges already struggle to offer sophomore level courses due to inadequate lab facilities. Asking community colleges to teach junior and senior courses would exacerbate that problem rather than addressing the issues raised in other recommendations in your report: **ETV 19** asks the community college to focus their enrollment priorities and **ETV 15** recommends improving the transfer process.

ETV25 — Balance Career Technical Education and College Preparation in High Schools

CPR Recommendation A:

The Governor should work with the Legislature and the State Board of Education to adopt high school graduation requirements that allow a choice of courses of study including university preparation and academic/career technical education.

UC Comments:

The University of California strongly supports efforts to make rigorous high school curriculum, including the “a-g” curriculum required for UC admission, as well as strong and vigorous career technical education courses, available to every student as a menu of academic options.

The Master Plan for Higher Education makes the promise that postsecondary education will be available for those who want it. To make that promise real, the state needs to ensure that students are not denied access to the preparation they need in high school. Therefore, needed supports must be in place before this can occur, including resources and infrastructure these courses require, a cadre of teachers qualified to teach college preparatory courses, and adequate facilities, including laboratory space.

The University supports access to vocational and skills-building courses for students who wish them. Additionally, the University feels that academic preparation for university coursework is not inconsistent with career technical education. UC has worked productively with schools and vocational education teachers for many years to help them understand the process for approving college preparatory courses such that they could meet the criteria for “a-g” eligibility. In fact, both high schools and the University have made progress towards developing career-technical courses that contain substantial academic content (high schools) and approving career technical education courses for eligibility in meeting the “a-g” requirements (UC); the University has certified hundreds of courses that could be considered career-technical in such areas as agricultural science, biotechnology, business management, communications, engineering, and the arts. UC continues this work and has developed an “a-g” website to simplify the process.

The University would not support the “a-g” curriculum becoming the default high school curriculum in the state and is not seeking to impose this curriculum on students who do not want or need it. Not only would this create a tremendous burden on high schools, which would need substantial resources to implement these curricular requirements in order to achieve this, but it would not necessarily be the most effective way to meet the needs of California’s labor market. Nevertheless, the state should have an educational interest in ensuring that those who dream of pursuing higher education are not denied that option because of limited access to the preparation they need.

ETV33 — Require Community Service of Public College and University Students

CPR Recommendation:

The Governor should work with the Legislature to require all students enrolled in California's public colleges and universities to perform a minimum of 16 hours of community service in order to receive their degree or certificate.

UC Recommendation:

UC agrees with the spirit of this recommendation, although not with the merits of a mandatory requirement of all students prior to receiving a degree or certificate. UC faculty support engaging students in meaningful service activities tied to students' academic and personal interests. UC has a strong record at involving a greater percentage of students in voluntary community service, and we support expanding efforts in that direction before embarking on a burdensome and costly mandatory requirement.

UC Comments:

An increasing number of our students come to UC with a service ethic already well established through their high school experience. These students fully understand the benefits of this activity, and they want and expect to continue to engage in meaningful, worthwhile service work throughout their university career. The University recognizes its responsibility to both nurture this interest and to develop and foster a similar interest in *all* students who come to the University of California.

We are proud that many UC students do volunteer their time to community service activities, and that all our campuses provide resources that help facilitate student service. Recent surveys indicate that over 40% of UC undergraduates voluntarily perform community service at or above the 16 hours that would be required by the CPR recommendation. In fact, those who reported participating in community service indicated that they average over 4 hours a week.

Several years ago, the University considered the idea of establishing a community service requirement for its students, in response to a request that it do so by then-Governor Davis. At that time, an extensive study of this proposal by the University's Academic Senate concluded that:

- 1) UC faculty overwhelmingly supported engaging students in meaningful service activities that are tied to students' academic and personal interest;
- 2) UC faculty did not support a universitywide *requirement* for public service.

In its report to then-President Richard Atkinson, the Academic Senate recommended that instead of instituting a community service requirement, UC campuses should be encouraged to develop a long-range plan that would establish incentives for students to serve and ensure that every student who wishes to serve has the opportunity to engage in a productive, meaningful, and worthwhile service experience. There was concern that making community service a requirement undermines student interest in this activity. Indeed studies show that adults who are mandated to perform community service as part of a college requirement are less likely to engage in community service activities than are adults who voluntarily performed service during their college years.

The faculty were especially concerned with making performance of community service a graduation requirement. The requirements for graduation from the University are set by the faculty, in keeping with longstanding tradition, and these requirements must be based upon sound academic grounds. Such a requirement would necessitate faculty oversight and approval of the appropriate community service opportunities, and this would be a significant burden. The faculty costs of such a program would be substantial.

Moreover, it is not realistic to require such service from all students; even the recommendation recognizes that “California's public colleges and universities enroll a significant number of students who have full-time employment or who have significant family responsibilities, it is not a desire to create an undue hardship on these or any other students.” Unfortunately even a small public service requirement for graduation may be too burdensome for some students who have to work, who have family responsibilities, or who have other life circumstances that would make it a hardship. In addition to the service itself, students would have to locate service opportunities and have their service certified by the administration.

Finally, the estimated cost benefit of \$192 million outlined in ETV33 may be based on unrealistic assumptions. Rather than producing significant financial benefits to the state, such a requirement would create considerable costs to the University and the state. The recommendation states that costs that would be incurred by state colleges and universities would be limited to informing students of the community service requirement and entering participation data into student records. However, the University, in bearing responsibility for ensuring that students meet this requirement prior to graduation, would need to invest significant resources towards establishing an infrastructure at each campus for, among other things: 1) tracking student participation; 2) identifying agencies and organizations that would be willing to participate in the universities' community service program, and having faculty confirm that the volunteer placements are appropriate to count toward graduation requirements; 3) informing students of volunteer opportunities; and, 4) certifying the validity of the service performed by students. In addition, although there is no doubt that students could make significant contributions to the agencies at which they volunteer, the reality is that the agencies most likely would incur costs in having to set up service opportunities, training and supervising students, and creating the appropriate infrastructure. That is not to say that volunteerism is too costly, but it must be recognized that the proposal would involve costs as well as benefits.

In the past four years, the University has involved an ever-increasing percentage of its students in community service. Campuses across the UC system have developed searchable, user-friendly community service websites where students can access and connect with literally hundreds of service opportunities. UC campuses are developing exciting service-learning courses, such as those at UCLA and UC Irvine, where students, faculty and community partners join together in programs that integrate teaching, research and service. These activities are designed to foster civic skills and knowledge, a service ethic, and an informed perspective on issues of diversity and democracy.

Although the University has made significant progress in involving our students in voluntary community service, we can expand our efforts to promote such opportunities and to integrate service activities with traditional teaching in a number of fields so students do earn credit and learn from their community service experience.

Summary of University of California Recommendations on CPR Education, Training and Volunteerism (ETV) Issues, Findings, and Recommendations

ID Code	Issue	Finding	Recommendation	University of California Recommendations
A. Improve Organization and Governance in Education				
ETV 02	Create an Education and Workforce Council	The lack of alignment between the State's education system and its economic development efforts has become a critical issue that must be addressed to retain California's economic competitiveness.		Because job training depends on job creation, include economic development and <i>creation</i> of new high wage jobs among the Council's responsibilities. Leave responsibility for assessing need for new higher education academic programs with higher education coordinating entity (currently CPEC).
ETV 02-A			The Governor should issue an Executive Order establishing an Education and Workforce Council.	
ETV 02-B			The Council members should be executive leaders from the state's education segments and the cabinet secretary responsible for labor market information studies and workforce development programs.	
ETV 02-C			The Education and Workforce Council (refer to "ETV 02-A") should be responsible for The Education and Workforce Council should be responsible for developing the Workforce Preparation Strategic Plan, recommending federal Workforce Investment Act (WIA) funding, participating in the update of the California Master Plan for Education, providing policy guidance on emerging issues of workforce development, and advising the Secretary of Education about emerging issues impacting the goals and objectives of the Workforce Preparation Strategic Plan and the Master Plan for Education.	

ID Code	Issue	Finding	Recommendation	University of California Recommendations
ETV 03	Consolidate Selected Higher Education Agencies	Having four separate state agencies with higher education responsibilities results in a lack of coordination, a lack of accountability, disjointed state higher education policies, duplicative information and data bases, overlapping responsibilities, and inefficient use of limited state resources.		<p>UC has serious concerns regarding the consolidation of several independent higher education agencies into a single division within a larger executive branch agency for education and workforce preparation. Since the adoption of the 1960 Master Plan, UC has consistently supported strengthening the statewide governance of the community colleges on the same model as the Regents and the Trustees. The national higher education model of lay governing boards designed to insulate academic decisions from political influence still has merit. In addition, maintenance of an independent higher education coordinating body (currently CPEC) is an essential feature of the Master Plan. Independent commissions with segmental representation should govern higher education policy agencies such as CPEC and CSAC. UC does support the principle of delegating operational responsibilities to the segments as much as possible as a way to increase efficiency and ensure program delivery happens as close to the students as possible.</p>
ETV 03-A			The California Community College Chancellor's Office, the California Postsecondary Education Commission (CPEC), the California Student Aid Commission (CSAC) and the Bureau for Private Postsecondary and Vocational Education should be restructured and consolidated into a single, unified Higher Education Division.	
ETV 03-B			The Higher Education Division (refer to "ETV 03-A") should be responsible for strategic planning for each of the consolidated entities and for coordination of policy, programs, resources and services across these systems.	

ID Code	Issue	Finding	Recommendation	University of California Recommendations
ETV 04	Restructure California's Teacher Credentialing Agency	The California Commission on Teacher Credentialing revenues have been volatile in recent years due to fluctuations in application volume. The Commission is projecting a shortfall in one of its funds for the fiscal 2003-04, a situation that will be recurring unless there is some form of intervention or restructuring of the agency's budget. As a result, critical mandates (accreditation) are not being implemented.		UC does not support this proposal which shifts costs from one set of set of state entities to another, with no real savings. As an alternative, it would be more helpful to focus on ways to reduce the administrative burden and the cost of accreditation visits. UC campuses already incur significant costs and staff time in order to prepare for CTC accreditation of their programs (which takes about two years); any additional costs would be especially burdensome to the University. UC also is concerned that the recommendation to resume visits in 2004-05 does not allow the CTC working group to complete its review of the accreditation process and does not allow institutions adequate time to prepare for visits this year.
ETV 04-F			The Governor, through the Secretary for Education or his or her successor, should direct CTC to resume accreditation visits in FY 2004–2005. The Governor should direct the Department of Finance or its successor to authorize CTC, as necessary, to charge institutions for the costs of accreditation.	
B. Improve Efficiency in the Education System				
ETV 15	Make it Easier for Students to Transfer from a Community College to a University	The transfer process for community college students moving into four year institutions is complex, confusing and disjointed.	The Governor should work with the Legislature to develop core, lower division, general education and major requirements that are recognized and accepted by all California public universities, as well as a conditional acceptance process that guarantees a transfer student’s admission to a specific campus and major if the student meets the stated requirements.	The University supports the aim of this recommendation to simplify and streamline the transfer process. Rather than specifying details about the curricular content of the lower division program, UC recommends that state should set output goals for increased transfer success the way it has in recent compacts between the state and the higher education segments.

ID Code	Issue	Finding	Recommendation	University of California Recommendations
ETV 16	Provide a Fee Waiver in Lieu of a Cal Grant Award	All financially needy students attending a community college in California are eligible to receive a waiver of their statewide community college enrollment fee. UC and CSU students are not currently able to participate in a similar program. The financial aid process is more cumbersome and confusing than necessary for these students.		UC does not support converting Cal Grants into fee waivers. We are concerned that the recommendations of ETV 16 would reduce UC's ability to remain accessible for all eligible students regardless of their economic circumstance. Instead, UC recommends achieving the proposal's goals of cost savings and administrative simplicity by moving towards a streamlined Cal Grant delivery system. The state could simplify the Cal Grant program and achieve administrative savings through less drastic measures that would not reduce access for low-income students. Specifically, UC recommends that the Student Aid Commission pursue the following objectives: (1) Streamline the Cal Grant application process and (2) Communicate more efficiently and more effectively with students. UC recommends that the state continue current efforts to improve the Cal Grant program.
ETV 16-A			The Governor should work with the Legislature to amend relevant Education Code sections replacing portions of the state's current Cal Grant A and Cal Grant B programs with a new fee waiver program at the state's public universities.	
ETV 16-B			Beginning in 2006–2007, Cal Grant funds for financially needy students at California community colleges should be appropriated directly to the community colleges.	
ETV 17	Make Higher Education More Affordable by Reducing the Cost of Textbooks	The wholesale price of college textbooks has gone up 32.8 percent since 1998, almost double the 18 percent increase in the wholesale price of ordinary books over the same period.	The Governor should work with the Legislature to enact state law in an effort to reduce the cost of college textbooks.	UC is concerned about the rising costs of college textbooks and recognizes that there is a need to establish processes to help ease that burden. However, UC would be concerned about any restrictions that would prevent university faculty selecting course textbooks based on academic considerations.

ID Code	Issue	Finding	Recommendation	University of California Recommendations
ETV 18	Increase College and University Tuition for All Non-Resident Students	California subsidizes higher education for its citizens and charges non-residents a tuition (NRT) surcharge. California does not charge fair market value to non-residents enrolled in the UC, CSU and CCC.	The Governor should work with the University California Board of Regents, the California State University Board of Trustees, and the California Community Colleges Board of Governors or its successor to increase non-resident tuition at all state colleges and universities by 45 percent above 2003–2004 rates.	<p>UC recommends continuation of existing state policy for increasing non-resident tuition and not setting a specific target beyond recent large increases, which already have the potential to adversely affect academic programs and California’s ability to recruit the “best and the brightest” from other states and countries.</p> <p>In order to remain internationally competitive for the most talented non-resident and international graduate and professional students, the University must offer competitive financial aid packages, which means reimbursing fees and tuition for many of our top students. Thus, it is unrealistic to assume that we would realize substantial revenue by increasing non-resident tuition. However, to the extent that large tuition increases are passed along to graduate and professional students, the result would be a significant negative impact on our ability to attract the best students.</p> <p>As for undergraduates, any hope of raising new revenue through an increase in tuition is speculative at best and would, in any case, come at the expense of undergraduate access for California residents (i.e., if UC accepts and enrolls a higher proportion of tuition-paying non-residents, the percentage of resident students enrollments must be reduced).</p>

ID Code	Issue	Finding	Recommendation	University of California Recommendations
ETV 21	Improve Higher Education Accountability to Meet the State's Needs	Most states have systems for monitoring the performance of their higher education institutions. In California, each higher education segment has negotiated an agreement regarding performance, but the agreements lack consequences and lack system-wide cohesion. A clear set of statewide policy goals has not been defined.		<p>The University supports the aim of this ETV 21 A,B,C, to improve higher education accountability to meet the state's needs but this can be done without creating a third accountability process beyond the two frameworks existing accountability frameworks for higher education.</p> <p>For <i>segmental</i> accountability linked to the budget process, Governor Schwarzenegger's Higher Education Compact provides an approach that links state resources to segmental performance in achieving state goals. The Compact specifies a six-year funding commitment, which is dependent on UC's ability to meet key academic goals. The Compact also has detailed reporting requirements that specify UC provide annual data to the Dept. of Finance on issues that have traditionally been of high importance to the State.</p>
ETV 21-A			The Governor should issue an Executive Order containing a clear set of statewide goals and expectations for the state's system of public colleges and universities.	
ETV 21-B			The Secretary of Education, or his or her successor, and the California Postsecondary Education Commission, or its successor, should work with key stakeholders to develop an enforceable state-level accountability system that produces meaningful information to measure progress toward the state policy goals established by Executive Order.	
ETV 21-C			The Secretary of Education, or his or her successor, should publish a report with the results of this state-level performance measurement. The report should be provided to the Legislature by November 15 of each year.	

ID Code	Issue	Finding	Recommendation	University of California Recommendations
ETV 21-D			The Governor should support the concepts contained in Senate Bill 1331 to establish a statewide California postsecondary accountability structure.	For <i>statewide</i> accountability, UC supports recommendation ETV 21-D and the Higher Education Accountability Framework contained in SB 1331. SB 1331 provides a promising path to implementing an accountability framework that builds on a consensus that was developed between representatives of the segments, the Legislature, and national experts in higher education policy. An independent entity such as CPEC should oversee the higher education accountability framework. That framework should inform policy and budget development but not be a performance-based budgeting system that would duplicate the budgetary accountability provided by the Governor's Higher Education Compact.
ETV 22	Reduce the Cost of the State's Student Loan Guarantee Function	A lack of clear oversight and ambiguous accountability for the Federal Family Education Loan Program functions has led to uncontrolled administrative costs for this program.		At the present time UC is satisfied with the level of service provided by EdFund and does not support ETV 22-A. Putting the loan service process out to bid might result in a new contractor who would provide a lower level of service to UC and UC borrowers. EdFund has generated an operating surplus, which has been available to the state. Given the uncertainties
ETV 22-A			The Secretary of Education, or his or her successor, should ensure that the California Student Aid Commission, or its successor, issues a Request for Proposals to solicit competitive bids for the delivery of student loan guarantee administrative services required under the Federal Family Education Loan Program.	

ID Code	Issue	Finding	Recommendation	University of California Recommendations
ETV 22-B			The Governor should work with the Legislature to amend Education Code Sections 69522–69529.5 to allow the state’s public benefit auxiliary corporation to compete as a provider of student loan guarantee services.	involved, any decision to replace an entity that is performing well should be approached cautiously.
ETV 23	Expand Options for Obtaining a Bachelor’s Degree	Current State law prohibits California’s community colleges from offering bachelor’s degrees.	The Governor should work with the Legislature to create a pilot program allowing approved community colleges to offer bachelor’s degrees. Under the pilot program, individual community colleges interested in offering a bachelor’s degree would submit a proposal for approval by the Secretary of Education, or his or her successor.	UC opposes modifying the key Master Plan for Higher Education principle on differentiation of function to allow the community colleges to offer bachelor’s degrees independently from the four-year higher education segments. Instead, we suggest assessing the need for bachelor’s degrees throughout the state rather than giving the community colleges authority to independently offer this degree. Providing bachelor’s degrees to any identified underserved areas can be addressed through innovative programs delivered by the faculty of the four-year segments either on the campuses of community colleges or through distance education. Those approaches should be fully explored before a major rewriting of the Master Plan is undertaken.
C. Preparation of the Workforce				
ETV 25	Balance Career Technical Education and College Preparation in High Schools	High school students enrolled in career technical education go on to higher education at least as often as other students, are less likely to drop out of high school, and have better employment potential than comparison groups. Despite these advantages, CTE course offerings and enrollment have declined over the past decade as California’s high schools have focused increasingly on college preparation.		

ID Code	Issue	Finding	Recommendation	University of California Recommendations
ETV 25-A			The Governor should work with the Legislature and the State Board of Education to adopt high school graduation requirements that allow a choice of courses of study including university preparation and academic/career technical education.	UC strongly supports efforts to make rigorous high school curriculum, including the “a-g” curriculum required for UC admission and strong and vigorous career technical education courses, available to every student as a menu of academic options. However, the University would not support the “a-g” curriculum becoming the default high school curriculum in the state and is not seeking to impose this curriculum on students who do not want or need it.
ETV 33	Require Community Service of Public College and University Students	A review of community service programs in other states and at California’s public colleges and universities revealed that while service is a high priority, it typically is not mandated. Community service experiences enhance participants’ skills and training.	The Governor should work with the Legislature to require all students enrolled in California’s public colleges and universities to perform a minimum of 16 hours of community service in order to receive their degree or certificate.	UC agrees with the spirit of this recommendation, although not with the merits of a mandatory requirement of all students prior to receiving a degree or certificate. UC faculty support engaging students in meaningful service activities tied to students’ academic and personal interests. UC has a strong record at involving a greater percentage of students in voluntary community service, and we support expanding efforts in that direction before embarking on a burdensome and costly mandatory requirement.

1. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 01
Use of Few Models for Project Delivery Results in Missed Opportunities
for Lowering Cost and Speeding Delivery

UC Comments:

The University supports the Commission's recommendation to expand construction delivery methods for public entities. The University has benefited from its ability to utilize a variety of contracting methods, including design-build, to deliver projects and believes that state agencies could also benefit from such contracting flexibility.

Restrictions on project delivery methods, however, are only one impediment that public entities must overcome to deliver projects efficiently and cost-effectively. Outdated, inconsistent and impractical provisions of the state's competitive bidding laws also greatly limit the ability of public entities to maximize efficiency and reduce costs in their project delivery processes. As one example, the University's current competitive bidding requirements have components that unnecessarily impede efficient delivery of capital projects and impose restrictions on the University's basic maintenance programs that are critical to keeping operational the University's large inventory of aging facilities.

UC Recommendation:

The University previously submitted to the Commission a set of proposed amendments to the Stull Act governing University construction. The proposed changes would allow the University to streamline project delivery and significantly reduce costs without compromising the spirit or legislative intent of the competitive bidding statutes. Estimated annual cost savings from the proposed changes include: \$1.5 million a year from a raised informal bidding limit; \$700,000 from authorization to advertise bid openings through the Internet; \$2 to \$2.4 million from a raised project threshold to allow greater use of inhouse labor; and between \$10 and \$15 million (assuming the current size of the University's capital program) from authorization to use best value contracting.

Proposed amendments to the Public Contract Code are attached as **Appendix A.**

2. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 06

High Performance Building Design

UC Comments:

The University supports the Governor's recommendation to develop high performance buildings. The University has developed its own policies and procedures to ensure that high-performance design practices are incorporated into all new UC buildings.

On June 16, 2004, the President issued the University Policy on Green Building Design and Clean Energy Standards which requires that all new University buildings:

- Outperform the required provisions of the California Energy Code's energy-efficiency standards by at least 20%;
- Incorporate the mandatory measures described by the UC Green Building Guide; and
- Achieve the equivalent of a LEED™ 2.1 "Certified" rating.

The policy also requires that life-cycle costs be explicitly considered, along with other factors in the project planning and design process of high-performance buildings, the policy recognizes the importance of long-term operations and maintenance in the performance of University facilities.

In conjunction with the state's four major investor-owned utility companies, all new UC building projects will also be enrolled in the Savings-by-Design program as long as the program continues to be funded by the California Energy Commission. Under the program, each UC building project that conforms to UC policy will qualify for both energy analysis and life-cycle cost calculation services, both of which are essential for developing and maintaining high-performance buildings. Compliance with the University's Green Building Design Policy and standards for each project will be reported to the Regents on an annual basis and generally available to the public.

3. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 10

Reduce the State's Leasing Costs

UC Comments:

The University supports the Commission's recommendation that appropriate city or county entities be authorized to conduct fire code and disabled access compliance reviews for state-leased facilities.

As the CPR report indicates, when modifications are necessary to accommodate a tenant in a leased property, the lessor may be required to obtain a building permit from the appropriate local agencies. When the University of California leases space and has tenant improvements performed, the code compliance review involves three jurisdictions - the local jurisdiction, the Campus Fire Marshal, and Department of the State Architect - because the private owner or landlord must obtain local building permits and code compliance certifications and UC must obtain both the State Fire Marshal and Department of the State Architect approvals. Obviously, one review would be sufficient.

UC Recommendation:

The University of California would support legislation to authorize appropriate local permit-issuing agencies to review plans and construction sites for fire compliance and ADA compliance on state leased property, including UC property. Allowing local jurisdictions to be responsible for all code compliance in property leased by the University would reduce the lease process time, eliminate potential conflicts, and reduce project costs. The savings to the University would be significant.

4. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 17

Integrate the State's Infrastructure Research and Development Programs:

UC Comments:

The University supports the Commission's recommendation to simplify and standardize state contracts and grants terms and conditions. UC estimates that the State invoicing and payment processes cost the University three times as much as federal awards for one-tenth of the dollar amount of research awards. The University would have saved \$1.1 M in operational costs in FY 02-03 if state awards had been administered in a manner similar to federal awards.

As the CPR report notes, state agencies are not currently required to use standardized agreement terms in their agreements with UC to perform research or services for the State. As a result, both UC and the state agency staffs spend weeks and months individually negotiating hundreds of agreements. The resulting inefficiencies are numerous:

- Individual branches and programs, even within a single agency, often use unique agreement formats;
- Authority is diffused among program managers, agency contract staff, agency attorneys, and the Department of General Services attorneys, all of whom often must review and approve agreements; and,
- The resulting negotiations and reviews consume staff time unproductively at both the University and the State agency and delay the start of timely research and public service projects. Six months to a year is often required to negotiate and execute a single agreement.

Even after an agreement is finally executed, there is no standardized invoicing process. Every state program has its own extensive documentation requirements for payment on invoices. By contrast, federal agencies typically have either an electronic draw-down process or accept electronic invoices and transfer payments electronically with no paper documentation requirements. Due to their lack of electronic systems and extensive invoicing requirements, State agencies' payments to the University campuses are over \$40 million in arrears in any one month.

The University also supports the Commission's recommendation for a uniform policy on state intellectual property. Currently, each state agency negotiates its own research contracts under its local rules on a case by case basis and makes its own decisions regarding licensing and ownership of intellectual property resulting from state. Both the state agency negotiator and the contractor expend a significant amount of time and effort repeatedly negotiating the same issues, delaying the start of the research effort and making uniform administration of state contracts across the UC system more difficult.

As the CPR Report notes, Congress has adopted a streamlined approach to address these same intellectual property issues with the Bayh-Dole Act. The Bayh-Dole Act and associated regulations have been successful in encouraging universities and small businesses to promote economic development by providing an efficient, flexible, and predictable framework for industry partners to work with universities in the transfer and commercialization of university technologies. The State of California could profit from a similar approach.

The University of California supported Assembly Concurrent Resolution 252 this year. ACR 252 requests the California Council on Science and Technology to convene a special study group to develop recommendations to the Governor and the Legislature on how the state should treat intellectual property created under state contracts, grants, and agreement.

UC Recommendation:

UC proposes development of a model interagency agreement for educational, consulting and/or research services and a streamlined electronic invoicing system to support the contract. Such a model agreement is available upon request.

5. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 18
Consolidate and Coordinate State Infrastructure Planning and Programming

UC Comments:

The University supports the Commission's recommendation that statewide budget procedures be improved to provide needed, timely and cost-effective improvements to the state infrastructure.

For the University, these improvements include streamlining the appropriation and administration of capital construction funds.

Currently, the annual budget act appropriates bond funds to the public higher education segments consistent with the amount of funding available to the University from general obligation bonds approved by the voters. The subsequent disbursement and management of capital construction funds, however, involves administratively complex and time-consuming procedures, both for the University and the State. The University is working with the Department of Finance to identify processes that will provide the flexibility the University needs to manage its construction program more effectively. These include, among others:

- more flexibility in the management of projects in areas such as the process of authorizing augmentations to project budgets;
- scope change actions to keep project costs within budget; and,
- greater use of contracting options including design-build contracts.

6. CALIFORNIA PERFORMANCE REVIEW REPORT INFRASTRUCTURE 19: Better Management Needed for California's Real Estate Assets

UC Comments:

The University disagrees with the Commission's following characterizations regarding space utilization.

"In a November 2003 report titled Higher Education: Flexible Facility Utilization Standards, the Legislative Analyst's Office determined that an appropriate benchmark for classroom usage for the state's higher education system is 1,820 hours of workstation use per year. For teaching laboratories an appropriate benchmark is 1,040 hours of use per year.

"Current utilization rates at the state's colleges and universities, however, range between 72 and 85%. In the CSU and UC systems alone, this means that more than 100,000 additional students could be accommodated each year between the two systems. This is about the equivalent of the University of California's three largest campuses: Los Angeles, Berkeley, and Davis..."

Academic facilities of the University are planned in accordance with space planning standards established by the California Postsecondary Education Commission (CPEC), classroom and utilization standards mandated by the Legislature, and related agreements with the Governor and Legislature designed to accommodate enrollment growth and academic needs in conjunction with available capital funds. We disagree with the Legislative Analyst's Office (LAO) report on utilization standards and have discussed this issue with the the LAO, the Department of Finance, and the legislative budget committees. The Department of Finance and the legislative budget committees support the University's position on space utilization and our proposed capital plans.

The University disagrees with the LAO's utilization methodology defining "useable time." The California Postsecondary Education Commission's 1990 report, *A Capacity for Learning*, reviewed classroom utilization standards across the U.S. and concluded that a standard of 30 station-hours per week is more realistic than California's current legislated standard of 35 hours. The survey completed during that study identified the 35-hour standard as among the most stringent in the nation.

The LAO has defined a benchmark for classroom workstation use of 1,820 hours per year and for laboratories of 1,040 hours per year. These benchmarks are based on achieving the full legislatively-defined utilization rate of 35 hours per week for classrooms and 20 hours per week for teaching laboratories for all 52 weeks of the year, including weeks involved in final exams, holidays, summers, and between-term periods. Applying the weekly utilization rates to every week of the year is unreasonable and significantly skews the annual utilization rates at both universities.

For example, the LAO's space utilization standard assumes summer enrollments will be equal to those of the Fall, Winter, and Spring terms. Yet, the highest summer term enrollment rate that has been achieved at other universities across the country is approximately 40% of the regular term enrollment. In our view, increasing enrollment over that level would require mandating that students enroll in the summer, a measure that the state has not supported. The Governor and Legislature have supported an initial summer enrollment target of 40% for the University in planning and requesting funds for instructional facilities, and we are making every effort to expand programs and enrollment in the summer and increase facility utilization.

During the fall, winter, and spring academic terms, underutilized classroom and teaching laboratory capacity on the growth campuses is being rapidly absorbed. The University expects enrollments to increase by more than 40,000 students by 2010-11—an increase of approximately a 50% percent in our student enrollments. Our ability to accommodate continued enrollment growth depends upon the provision of adequate, up-to-date instruction and research space, particularly in the areas of engineering and science. It is estimated that over \$650 million is needed annually for current UC state-supportable facility needs, substantially more than the \$345 million per year that is available to the University through the 2004 bond measure. The University makes the most effective use of available facilities, including maximizing year-round use of facilities including classrooms and class laboratories, the objective of the Legislative Analyst. The University has a continuing general commitment not to request state capital funds for new classrooms and scheduled teaching laboratories unless campus-wide utilization meets the legislatively-approved utilization standards, nor for other standard instruction and research space unless supported by CPEC campus-wide space planning allowances.

7. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 23

Energy Conservation, Efficiency have not Achieved Full Potential

UC Comments:

The University supports the Commission's recommendation to increase energy efficiency by public entities. The University has the potential to save 25% of our existing energy consumption through efficiency measures. However, we estimate implementing measures to yield a 25% energy reduction across the system would cost approximately \$300 to \$400 million. Due to the uncertainties about funding for energy efficiency projects, the University has set a minimum goal of 10% overall energy reduction benchmarked to the 1999/2000 base year.

The University's campuses can implement peak load reduction projects if provided with adequate funding. To be able to borrow money to fund projects, campuses need to have a stable revenue source resulting from on-peak energy savings. Real time pricing programs or other mechanisms that do not establish a steady revenue stream cannot be utilized to justify investments.

The University supports an energy efficiency financing program and has participated in the State's Energy Revenue Bond financing program in the 1980s and 1990s, investing more than \$60 million in energy efficiency projects at the campuses. The current difficulty with financing a program to fund energy efficiency projects through savings is that there are no savings in campus purchased utility budgets. Campus purchased utility budgets have been operating in deficits as a result of significant increases in the cost of electricity and natural gas coupled with little or no state funding over the last few years for purchased utilities and operational support for the many new buildings that the University is adding each year to meet projected enrollment growth.

UC Recommendations:

The University would support a loan program but does not believe that Public Goods Charges should be utilized for such a program. The Public Goods Charge is a tax levied on energy bills to the campuses. If this source were used to create a pool of loans to the campuses, the net effect would be that monies taken out of campus budgets would be loaned back to the campuses. This does not make sense.

Furthermore, a loan program requires purchased utility savings to repay the loans. Currently, State funding has not kept pace with energy price increases, and thus campuses are running utility budget deficits. Without real savings to pledge to such loans, the University will be limited to the incentives from the Public Goods Charges to fully fund energy efficiency. We would recommend expanding the current Public Goods Charge funded UC/CSU/Utility partnership program, because it provides total project funding.

Finally, the University strongly supports state efforts to increase energy efficiency and conservation, but we would also emphasize that the benefits of energy efficiency and

conservation programs can only be fully realized if the state finally establishes a framework for a reliable and reasonably-priced energy market.

8. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 26

Building Standards Adoption Reform

UC Comments:

UC supports the Commission's recommendation to establish objective criteria for selecting a model code for building standards for California.

The University of California is one of the largest consumers of design and construction industry services in California. UC has approximately \$7 billion dollars of projects in design or construction and has added about \$1 billion to its construction program each year for the past five years. Current UC housing programs exceed \$1.1 billion and new programs are currently being developed to meet the anticipated additional 40,600 students by 2010. UC's acute care facilities construction program has current commitments in excess of \$1.5 billion with additional major projects being planned. Unworkable building standards increase the risk of delay, error, and cost associated with that University construction.

UC Recommendations:

The University recommends development of objective criteria to select one nationally recognized model code as the basis for the State code. The University also recommends the Building Standards Commission, or successor agency, reduce the frequency of the state amendment process and that the qualifications of appointed members of the Building Standards Commissioners or its successor be revised to require design and construction industry experience and professional licenses and credentials.

**9. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 38:
Lengthy Hospital Construction Approvals are Impacting Patient Care**

UC Comments:

The University supports the efforts of the Commission's recommendation to reduce lengthy hospital construction approvals.

The five University of California acute care facilities are making significant infrastructure investments to comply with these seismic safety standards. The University estimates costs of \$711 million to comply with the 2008 requirements for projects at the UC Davis, San Diego, and Irvine Medical Centers alone. More expensive hospital replacement projects are being contemplated at UC San Francisco's Medical Center, and the UCLA Medical Center is completing a new hospital replacement project that complies with SB 1953's 2030 standards.

As mandated seismic safety deadlines approach, Office of Statewide Health Planning and Development's (OSHPD) workload will significantly increase. This increase is certain to translate into increased project review delays and associated cost increases. For example, according to conservative estimates, a one-month delay in the review and construction of UC Medical Center seismic projects would result in additional costs of nearly \$1.5 million. While the University and OSHPD have developed Memorandums of Understanding to address some of these issues, these MOUs do not address the fundamental causes or cures.

The University supports establishing specific time frames for initial project document reviews and allowing outside entities to be used as independent plan reviewers. These measures will improve the review process of project documents, ensure submittals of quality, complete, and code-compliant documents, and establish reasonable accountability for OSHPD's timeliness. In addition, OSHPD must be given the authority to establish an approval process for outside entities to become eligible to serve as independent plan reviews. Without this authority, OSHPD will be unable to respond quickly to increased workloads.

University agrees in concept with the consolidation of related facilities construction programs into a Housing, Buildings & Construction Division within an Infrastructure Department. However, given OSHPD's current legislative mandates, the University would be concerned if OSHPD's functions were diluted or had to compete with other agency plan review and construction inspection functions. As hospitals are the most complex buildings to design and plan review in the state, it is important that hospital construction plan reviews and inspections be integrated with public health issues such as infection control, decontamination units, and Title 22 regulations.

APPENDIX A
PROPOSED AMENDMENTS TO PUBLIC CONTRACT CODE
SECTIONS 10500, ET SEQ.

10500.

As used in this article, "project" includes the erection, construction, alteration, ~~{repair,}~~ or improvement of any University of California structure, building, road, or other improvement that will exceed in cost, including labor and materials, a total of ~~{fifty}~~ **[one hundred]** thousand dollars ~~{(\$50,000)}~~ **[(\$100,000)]**.

10501.

Except as otherwise provided in this article, the Regents of the University of California shall let any contract for a project to the lowest responsible bidder or else reject all bids. **[The lowest responsible bidder may be selected on the basis of the best combination of price and qualifications, including financial condition, relevant experience and demonstrated management competency as determined by the University according to published selection standards.]** However, if one or more of the bids is substantially equal to the lowest bid, and at least one of those bidders is a disadvantaged business enterprise, a women business enterprise, or a disabled veteran business enterprise, the regents may award the contract in accordance with the policies and procedures adopted pursuant to Section 10500.5. If the regents deem it to be for the best interest of the university, the regents may, on the refusal or failure of the successful bidder for a project to execute a tendered contract, award it to the second lowest responsible bidder. If the second lowest bidder fails or refuses to execute the contract, the regents may likewise award it to the third lowest responsible bidder.

10502.

The Regents of the University of California shall give public notice of a project to bidders by publication ~~{once a week for at least two consecutive weeks next}~~ **[twice within the 60 day period]** preceding the day set for the receiving of bids as follows:

(a) In one newspaper of general circulation published in the county in which the major portion of the project is located and in one such trade paper circulated in the county in which the major portion of the work is to be done~~[, or]{-}~~

~~{(b)}~~**[(b) By electronic statewide notice, at a minimum, in the California State Contracts Register or a website maintained by the University.**

(c) The notices shall state the time and place for the receiving and opening of sealed bids, describe in general terms the work to be done, and describe the bidding mode by which the lowest responsible bidder will be selected.

10504.

Except as otherwise provided in Section 10504.5 or 10506, work on all projects shall be performed under contract awarded in accordance with Section 10501, except that it may be done on a time and materials basis, by contract upon informal bids, by University of California employees, by day labor under the direction of the regents, or by a combination thereof ~~{, in }~~ **[in either of the following instances:**

(a) In] case of emergency due to an act of God, earthquake, flood, storm, fire, landslide, public disturbance, vandalism, or failure that causes damage to a university-owned building or

structure, university-owned real property, or any improvements thereon, when that work or those remedial measures are required immediately and are necessary to protect the public health, safety, and welfare.

[(b) Whenever the failure to act immediately would impair the University's ability to meet its mission of teaching, research and public service.]

10504.5.

Where the nature of the work, in the opinion of the regents, is such that the application of all of the provisions of this chapter in connection with that work is not required, and the cost of the project does not exceed ~~{one hundred thousand dollars (\$100,000)}~~ **[the value of a minor capital outlay project for which, pursuant to Section 10108, the services of the Department of General Services are not required and a state agency or department is authorized to carry out its own project]**, the regents shall solicit bids in writing and shall award the work to the lowest responsible bidder or reject all bids.

10505.

(a) The Regents of the University of California may perform ~~{projects}~~ **[work on a project]** with university employees if the regents deem that the award of a contract, the acceptance of bids, or the acceptance of further bids is not in the best interests of the university, under ~~{either}~~ **[any]** of the following circumstances:

(1) The value of the ~~{project}~~ **[work]** to be so performed shall not exceed ~~{fifty}~~ **[one hundred]** thousand dollars ~~{(\$50,000).}~~ **[(\$100,000); or]**

(2) The project is for the erection, construction, alteration, ~~{repair,}~~ or improvement of experimental, diagnostic, or specialized research equipment[; or

(3) The work is for security, utility connections or commissioning.]~~{-}~~

(b) This section does not apply to the painting or repainting of a structure, building, road, or improvement of any kind if the value of the painting or repainting project exceeds ~~{twenty-five thousand dollars (\$25,000).}~~ **[one hundred thousand dollars (\$100,000)].**

10506.5

Annually, on [date], the monetary thresholds set forth in this article shall be adjusted upward or downward to reflect the percentage change in the Engineering News Record Building California Construction Cost Index, rounded off to the nearest one thousand dollars (\$1,000).]

10511.

(a) (1) The Regents of the University of California shall give public notice to bidders of the sale of University of California real property situated in California if the estimated value of the real property to be sold exceeds the amount specified in paragraph (2).

(2) Paragraph (1) shall apply to real property whose estimated value exceeds ~~{five hundred thousand}~~ **[one million]** dollars ~~{(\$500,000)}~~ **[(\$1,000,000)]** net to the seller.

(b) Notice of the sale of real property shall be by publication a minimum of six times, between 2 and 12 weeks preceding the day set for receiving bids, as follows:

(1) A minimum of three times in at least one newspaper of general circulation in the county in which the property is situated.

(2) At least three times in a newspaper of general circulation in the City of Los Angeles, the City of San Diego, the City of San Francisco, or the City of Sacramento, whichever is deemed most appropriate by the regents.

(3) The published notices shall specify the general description of the property, the source for bid materials and information, and the date and place for the receiving of sealed bids.

10513.

The publication and award procedures set forth in this article shall not be applicable to any of the following:

(a) The sale of an undivided or fractional ownership interest in real property.

(b) A sale of a right of use in real property that is less than fee ownership.

(c) A sale of real property subject to title conditions or restrictions on the university's ownership deriving from the origin of that ownership by gift, devise, or otherwise, if that sale would be inconsistent with those title conditions or restrictions.

(d) The disposition of real property acquired through exercise of a power of sale pursuant to a deed of trust, or held as an asset in the university's investment portfolio.

(e) A sale of public lands under the direction of the federal land agent.

(f) A sale to a person or entity who will dedicate the real property to public use[, **a sale to a non-profit entity for open space or related uses, or a sale to a public entity**].

(g) A sale of real property acquired after January 1, 1985, through eminent domain proceedings initiated by the Regents of the University of California. In those cases, the person from whom the property was acquired shall be notified and be accorded an exclusive opportunity for 90 days to purchase the property at its fair market value. If the person fails to undertake proceedings to purchase the property within 90 days, the procedures specified in Sections 10511 and 10512 shall then be followed in the sale of the property.

(h) An exchange to acquire real property of another person or entity for university purposes. Any exchange shall be upon terms and conditions agreed to by the exchanging parties.

1. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 01
Use of Few Models for Project Delivery Results in Missed Opportunities
for Lowering Cost and Speeding Delivery

UC Comments:

The University supports the Commission's recommendation to expand construction delivery methods for public entities. The University has benefited from its ability to utilize a variety of contracting methods, including design-build, to deliver projects and believes that state agencies could also benefit from such contracting flexibility.

Restrictions on project delivery methods, however, are only one impediment that public entities must overcome to deliver projects efficiently and cost-effectively. Outdated, inconsistent and impractical provisions of the state's competitive bidding laws also greatly limit the ability of public entities to maximize efficiency and reduce costs in their project delivery processes. As one example, the University's current competitive bidding requirements have components that unnecessarily impede efficient delivery of capital projects and impose restrictions on the University's basic maintenance programs that are critical to keeping operational the University's large inventory of aging facilities.

UC Recommendation:

The University previously submitted to the Commission a set of proposed amendments to the Stull Act governing University construction. The proposed changes would allow the University to streamline project delivery and significantly reduce costs without compromising the spirit or legislative intent of the competitive bidding statutes. Estimated annual cost savings from the proposed changes include: \$1.5 million a year from a raised informal bidding limit; \$700,000 from authorization to advertise bid openings through the Internet; \$2 to \$2.4 million from a raised project threshold to allow greater use of inhouse labor; and between \$10 and \$15 million (assuming the current size of the University's capital program) from authorization to use best value contracting.

Proposed amendments to the Public Contract Code are attached as **Appendix A.**

2. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 06

High Performance Building Design

UC Comments:

The University supports the Governor's recommendation to develop high performance buildings. The University has developed its own policies and procedures to ensure that high-performance design practices are incorporated into all new UC buildings.

On June 16, 2004, the President issued the University Policy on Green Building Design and Clean Energy Standards which requires that all new University buildings:

- Outperform the required provisions of the California Energy Code's energy-efficiency standards by at least 20%;
- Incorporate the mandatory measures described by the UC Green Building Guide; and
- Achieve the equivalent of a LEED™ 2.1 "Certified" rating.

The policy also requires that life-cycle costs be explicitly considered, along with other factors in the project planning and design process of high-performance buildings, the policy recognizes the importance of long-term operations and maintenance in the performance of University facilities.

In conjunction with the state's four major investor-owned utility companies, all new UC building projects will also be enrolled in the Savings-by-Design program as long as the program continues to be funded by the California Energy Commission. Under the program, each UC building project that conforms to UC policy will qualify for both energy analysis and life-cycle cost calculation services, both of which are essential for developing and maintaining high-performance buildings. Compliance with the University's Green Building Design Policy and standards for each project will be reported to the Regents on an annual basis and generally available to the public.

3. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 10

Reduce the State's Leasing Costs

UC Comments:

The University supports the Commission's recommendation that appropriate city or county entities be authorized to conduct fire code and disabled access compliance reviews for state-leased facilities.

As the CPR report indicates, when modifications are necessary to accommodate a tenant in a leased property, the lessor may be required to obtain a building permit from the appropriate local agencies. When the University of California leases space and has tenant improvements performed, the code compliance review involves three jurisdictions - the local jurisdiction, the Campus Fire Marshal, and Department of the State Architect - because the private owner or landlord must obtain local building permits and code compliance certifications and UC must obtain both the State Fire Marshal and Department of the State Architect approvals. Obviously, one review would be sufficient.

UC Recommendation:

The University of California would support legislation to authorize appropriate local permit-issuing agencies to review plans and construction sites for fire compliance and ADA compliance on state leased property, including UC property. Allowing local jurisdictions to be responsible for all code compliance in property leased by the University would reduce the lease process time, eliminate potential conflicts, and reduce project costs. The savings to the University would be significant.

4. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 17

Integrate the State's Infrastructure Research and Development Programs:

UC Comments:

The University supports the Commission's recommendation to simplify and standardize state contracts and grants terms and conditions. UC estimates that the State invoicing and payment processes cost the University three times as much as federal awards for one-tenth of the dollar amount of research awards. The University would have saved \$1.1 M in operational costs in FY 02-03 if state awards had been administered in a manner similar to federal awards.

As the CPR report notes, state agencies are not currently required to use standardized agreement terms in their agreements with UC to perform research or services for the State. As a result, both UC and the state agency staffs spend weeks and months individually negotiating hundreds of agreements. The resulting inefficiencies are numerous:

- Individual branches and programs, even within a single agency, often use unique agreement formats;
- Authority is diffused among program managers, agency contract staff, agency attorneys, and the Department of General Services attorneys, all of whom often must review and approve agreements; and,
- The resulting negotiations and reviews consume staff time unproductively at both the University and the State agency and delay the start of timely research and public service projects. Six months to a year is often required to negotiate and execute a single agreement.

Even after an agreement is finally executed, there is no standardized invoicing process. Every state program has its own extensive documentation requirements for payment on invoices. By contrast, federal agencies typically have either an electronic draw-down process or accept electronic invoices and transfer payments electronically with no paper documentation requirements. Due to their lack of electronic systems and extensive invoicing requirements, State agencies' payments to the University campuses are over \$40 million in arrears in any one month.

The University also supports the Commission's recommendation for a uniform policy on state intellectual property. Currently, each state agency negotiates its own research contracts under its local rules on a case by case basis and makes its own decisions regarding licensing and ownership of intellectual property resulting from state. Both the state agency negotiator and the contractor expend a significant amount of time and effort repeatedly negotiating the same issues, delaying the start of the research effort and making uniform administration of state contracts across the UC system more difficult.

As the CPR Report notes, Congress has adopted a streamlined approach to address these same intellectual property issues with the Bayh-Dole Act. The Bayh-Dole Act and associated regulations have been successful in encouraging universities and small businesses to promote economic development by providing an efficient, flexible, and predictable framework for industry partners to work with universities in the transfer and commercialization of university technologies. The State of California could profit from a similar approach.

The University of California supported Assembly Concurrent Resolution 252 this year. ACR 252 requests the California Council on Science and Technology to convene a special study group to develop recommendations to the Governor and the Legislature on how the state should treat intellectual property created under state contracts, grants, and agreement.

UC Recommendation:

UC proposes development of a model interagency agreement for educational, consulting and/or research services and a streamlined electronic invoicing system to support the contract. Such a model agreement is available upon request.

5. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 18
Consolidate and Coordinate State Infrastructure Planning and Programming

UC Comments:

The University supports the Commission's recommendation that statewide budget procedures be improved to provide needed, timely and cost-effective improvements to the state infrastructure.

For the University, these improvements include streamlining the appropriation and administration of capital construction funds.

Currently, the annual budget act appropriates bond funds to the public higher education segments consistent with the amount of funding available to the University from general obligation bonds approved by the voters. The subsequent disbursement and management of capital construction funds, however, involves administratively complex and time-consuming procedures, both for the University and the State. The University is working with the Department of Finance to identify processes that will provide the flexibility the University needs to manage its construction program more effectively. These include, among others:

- more flexibility in the management of projects in areas such as the process of authorizing augmentations to project budgets;
- scope change actions to keep project costs within budget; and,
- greater use of contracting options including design-build contracts.

6. CALIFORNIA PERFORMANCE REVIEW REPORT INFRASTRUCTURE 19: Better Management Needed for California's Real Estate Assets

UC Comments:

The University disagrees with the Commission's following characterizations regarding space utilization.

"In a November 2003 report titled Higher Education: Flexible Facility Utilization Standards, the Legislative Analyst's Office determined that an appropriate benchmark for classroom usage for the state's higher education system is 1,820 hours of workstation use per year. For teaching laboratories an appropriate benchmark is 1,040 hours of use per year.

"Current utilization rates at the state's colleges and universities, however, range between 72 and 85%. In the CSU and UC systems alone, this means that more than 100,000 additional students could be accommodated each year between the two systems. This is about the equivalent of the University of California's three largest campuses: Los Angeles, Berkeley, and Davis..."

Academic facilities of the University are planned in accordance with space planning standards established by the California Postsecondary Education Commission (CPEC), classroom and utilization standards mandated by the Legislature, and related agreements with the Governor and Legislature designed to accommodate enrollment growth and academic needs in conjunction with available capital funds. We disagree with the Legislative Analyst's Office (LAO) report on utilization standards and have discussed this issue with the the LAO, the Department of Finance, and the legislative budget committees. The Department of Finance and the legislative budget committees support the University's position on space utilization and our proposed capital plans.

The University disagrees with the LAO's utilization methodology defining "useable time." The California Postsecondary Education Commission's 1990 report, *A Capacity for Learning*, reviewed classroom utilization standards across the U.S. and concluded that a standard of 30 station-hours per week is more realistic than California's current legislated standard of 35 hours. The survey completed during that study identified the 35-hour standard as among the most stringent in the nation.

The LAO has defined a benchmark for classroom workstation use of 1,820 hours per year and for laboratories of 1,040 hours per year. These benchmarks are based on achieving the full legislatively-defined utilization rate of 35 hours per week for classrooms and 20 hours per week for teaching laboratories for all 52 weeks of the year, including weeks involved in final exams, holidays, summers, and between-term periods. Applying the weekly utilization rates to every week of the year is unreasonable and significantly skews the annual utilization rates at both universities.

For example, the LAO's space utilization standard assumes summer enrollments will be equal to those of the Fall, Winter, and Spring terms. Yet, the highest summer term enrollment rate that has been achieved at other universities across the country is approximately 40% of the regular term enrollment. In our view, increasing enrollment over that level would require mandating that students enroll in the summer, a measure that the state has not supported. The Governor and Legislature have supported an initial summer enrollment target of 40% for the University in planning and requesting funds for instructional facilities, and we are making every effort to expand programs and enrollment in the summer and increase facility utilization.

During the fall, winter, and spring academic terms, underutilized classroom and teaching laboratory capacity on the growth campuses is being rapidly absorbed. The University expects enrollments to increase by more than 40,000 students by 2010-11—an increase of approximately a 50% percent in our student enrollments. Our ability to accommodate continued enrollment growth depends upon the provision of adequate, up-to-date instruction and research space, particularly in the areas of engineering and science. It is estimated that over \$650 million is needed annually for current UC state-supportable facility needs, substantially more than the \$345 million per year that is available to the University through the 2004 bond measure. The University makes the most effective use of available facilities, including maximizing year-round use of facilities including classrooms and class laboratories, the objective of the Legislative Analyst. The University has a continuing general commitment not to request state capital funds for new classrooms and scheduled teaching laboratories unless campus-wide utilization meets the legislatively-approved utilization standards, nor for other standard instruction and research space unless supported by CPEC campus-wide space planning allowances.

7. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 23

Energy Conservation, Efficiency have not Achieved Full Potential

UC Comments:

The University supports the Commission's recommendation to increase energy efficiency by public entities. The University has the potential to save 25% of our existing energy consumption through efficiency measures. However, we estimate implementing measures to yield a 25% energy reduction across the system would cost approximately \$300 to \$400 million. Due to the uncertainties about funding for energy efficiency projects, the University has set a minimum goal of 10% overall energy reduction benchmarked to the 1999/2000 base year.

The University's campuses can implement peak load reduction projects if provided with adequate funding. To be able to borrow money to fund projects, campuses need to have a stable revenue source resulting from on-peak energy savings. Real time pricing programs or other mechanisms that do not establish a steady revenue stream cannot be utilized to justify investments.

The University supports an energy efficiency financing program and has participated in the State's Energy Revenue Bond financing program in the 1980s and 1990s, investing more than \$60 million in energy efficiency projects at the campuses. The current difficulty with financing a program to fund energy efficiency projects through savings is that there are no savings in campus purchased utility budgets. Campus purchased utility budgets have been operating in deficits as a result of significant increases in the cost of electricity and natural gas coupled with little or no state funding over the last few years for purchased utilities and operational support for the many new buildings that the University is adding each year to meet projected enrollment growth.

UC Recommendations:

The University would support a loan program but does not believe that Public Goods Charges should be utilized for such a program. The Public Goods Charge is a tax levied on energy bills to the campuses. If this source were used to create a pool of loans to the campuses, the net effect would be that monies taken out of campus budgets would be loaned back to the campuses. This does not make sense.

Furthermore, a loan program requires purchased utility savings to repay the loans. Currently, State funding has not kept pace with energy price increases, and thus campuses are running utility budget deficits. Without real savings to pledge to such loans, the University will be limited to the incentives from the Public Goods Charges to fully fund energy efficiency. We would recommend expanding the current Public Goods Charge funded UC/CSU/Utility partnership program, because it provides total project funding.

Finally, the University strongly supports state efforts to increase energy efficiency and conservation, but we would also emphasize that the benefits of energy efficiency and

conservation programs can only be fully realized if the state finally establishes a framework for a reliable and reasonably-priced energy market.

8. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 26

Building Standards Adoption Reform

UC Comments:

UC supports the Commission's recommendation to establish objective criteria for selecting a model code for building standards for California.

The University of California is one of the largest consumers of design and construction industry services in California. UC has approximately \$7 billion dollars of projects in design or construction and has added about \$1 billion to its construction program each year for the past five years. Current UC housing programs exceed \$1.1 billion and new programs are currently being developed to meet the anticipated additional 40,600 students by 2010. UC's acute care facilities construction program has current commitments in excess of \$1.5 billion with additional major projects being planned. Unworkable building standards increase the risk of delay, error, and cost associated with that University construction.

UC Recommendations:

The University recommends development of objective criteria to select one nationally recognized model code as the basis for the State code. The University also recommends the Building Standards Commission, or successor agency, reduce the frequency of the state amendment process and that the qualifications of appointed members of the Building Standards Commissioners or its successor be revised to require design and construction industry experience and professional licenses and credentials.

**9. CALIFORNIA PERFORMANCE REVIEW INFRASTRUCTURE 38:
Lengthy Hospital Construction Approvals are Impacting Patient Care**

UC Comments:

The University supports the efforts of the Commission's recommendation to reduce lengthy hospital construction approvals.

The five University of California acute care facilities are making significant infrastructure investments to comply with these seismic safety standards. The University estimates costs of \$711 million to comply with the 2008 requirements for projects at the UC Davis, San Diego, and Irvine Medical Centers alone. More expensive hospital replacement projects are being contemplated at UC San Francisco's Medical Center, and the UCLA Medical Center is completing a new hospital replacement project that complies with SB 1953's 2030 standards.

As mandated seismic safety deadlines approach, Office of Statewide Health Planning and Development's (OSHPD) workload will significantly increase. This increase is certain to translate into increased project review delays and associated cost increases. For example, according to conservative estimates, a one-month delay in the review and construction of UC Medical Center seismic projects would result in additional costs of nearly \$1.5 million. While the University and OSHPD have developed Memorandums of Understanding to address some of these issues, these MOUs do not address the fundamental causes or cures.

The University supports establishing specific time frames for initial project document reviews and allowing outside entities to be used as independent plan reviewers. These measures will improve the review process of project documents, ensure submittals of quality, complete, and code-compliant documents, and establish reasonable accountability for OSHPD's timeliness. In addition, OSHPD must be given the authority to establish an approval process for outside entities to become eligible to serve as independent plan reviews. Without this authority, OSHPD will be unable to respond quickly to increased workloads.

University agrees in concept with the consolidation of related facilities construction programs into a Housing, Buildings & Construction Division within an Infrastructure Department. However, given OSHPD's current legislative mandates, the University would be concerned if OSHPD's functions were diluted or had to compete with other agency plan review and construction inspection functions. As hospitals are the most complex buildings to design and plan review in the state, it is important that hospital construction plan reviews and inspections be integrated with public health issues such as infection control, decontamination units, and Title 22 regulations.

APPENDIX A
PROPOSED AMENDMENTS TO PUBLIC CONTRACT CODE
SECTIONS 10500, ET SEQ.

10500.

As used in this article, "project" includes the erection, construction, alteration, ~~{repair,}~~ or improvement of any University of California structure, building, road, or other improvement that will exceed in cost, including labor and materials, a total of ~~{fifty}~~ **[one hundred]** thousand dollars ~~{(\$50,000)}~~ **[(\$100,000)]**.

10501.

Except as otherwise provided in this article, the Regents of the University of California shall let any contract for a project to the lowest responsible bidder or else reject all bids. **[The lowest responsible bidder may be selected on the basis of the best combination of price and qualifications, including financial condition, relevant experience and demonstrated management competency as determined by the University according to published selection standards.]** However, if one or more of the bids is substantially equal to the lowest bid, and at least one of those bidders is a disadvantaged business enterprise, a women business enterprise, or a disabled veteran business enterprise, the regents may award the contract in accordance with the policies and procedures adopted pursuant to Section 10500.5. If the regents deem it to be for the best interest of the university, the regents may, on the refusal or failure of the successful bidder for a project to execute a tendered contract, award it to the second lowest responsible bidder. If the second lowest bidder fails or refuses to execute the contract, the regents may likewise award it to the third lowest responsible bidder.

10502.

The Regents of the University of California shall give public notice of a project to bidders by publication ~~{once a week for at least two consecutive weeks next}~~ **[twice within the 60 day period]** preceding the day set for the receiving of bids as follows:

(a) In one newspaper of general circulation published in the county in which the major portion of the project is located and in one such trade paper circulated in the county in which the major portion of the work is to be done~~[, or]{-}~~

~~{(b)}~~**[(b) By electronic statewide notice, at a minimum, in the California State Contracts Register or a website maintained by the University.**

(c) The notices shall state the time and place for the receiving and opening of sealed bids, describe in general terms the work to be done, and describe the bidding mode by which the lowest responsible bidder will be selected.

10504.

Except as otherwise provided in Section 10504.5 or 10506, work on all projects shall be performed under contract awarded in accordance with Section 10501, except that it may be done on a time and materials basis, by contract upon informal bids, by University of California employees, by day labor under the direction of the regents, or by a combination thereof ~~{, in }~~ **[in either of the following instances:**

(a) In] case of emergency due to an act of God, earthquake, flood, storm, fire, landslide, public disturbance, vandalism, or failure that causes damage to a university-owned building or

structure, university-owned real property, or any improvements thereon, when that work or those remedial measures are required immediately and are necessary to protect the public health, safety, and welfare.

[(b) Whenever the failure to act immediately would impair the University's ability to meet its mission of teaching, research and public service.]

10504.5.

Where the nature of the work, in the opinion of the regents, is such that the application of all of the provisions of this chapter in connection with that work is not required, and the cost of the project does not exceed ~~{one hundred thousand dollars (\$100,000)}~~ **[the value of a minor capital outlay project for which, pursuant to Section 10108, the services of the Department of General Services are not required and a state agency or department is authorized to carry out its own project]**, the regents shall solicit bids in writing and shall award the work to the lowest responsible bidder or reject all bids.

10505.

(a) The Regents of the University of California may perform ~~{projects}~~ **[work on a project]** with university employees if the regents deem that the award of a contract, the acceptance of bids, or the acceptance of further bids is not in the best interests of the university, under ~~{either}~~ **[any]** of the following circumstances:

(1) The value of the ~~{project}~~ **[work]** to be so performed shall not exceed ~~{fifty}~~ **[one hundred]** thousand dollars ~~{(\$50,000).}~~ **[(\$100,000); or]**

(2) The project is for the erection, construction, alteration, ~~{repair,}~~ or improvement of experimental, diagnostic, or specialized research equipment[; or

(3) The work is for security, utility connections or commissioning.]~~{-}~~

(b) This section does not apply to the painting or repainting of a structure, building, road, or improvement of any kind if the value of the painting or repainting project exceeds ~~{twenty-five thousand dollars (\$25,000).}~~ **[one hundred thousand dollars (\$100,000).**

10506.5

Annually, on [date], the monetary thresholds set forth in this article shall be adjusted upward or downward to reflect the percentage change in the Engineering News Record Building California Construction Cost Index, rounded off to the nearest one thousand dollars (\$1,000).]

10511.

(a) (1) The Regents of the University of California shall give public notice to bidders of the sale of University of California real property situated in California if the estimated value of the real property to be sold exceeds the amount specified in paragraph (2).

(2) Paragraph (1) shall apply to real property whose estimated value exceeds ~~{five hundred thousand}~~ **[one million]** dollars ~~{(\$500,000)}~~ **[(\$1,000,000)]** net to the seller.

(b) Notice of the sale of real property shall be by publication a minimum of six times, between 2 and 12 weeks preceding the day set for receiving bids, as follows:

(1) A minimum of three times in at least one newspaper of general circulation in the county in which the property is situated.

(2) At least three times in a newspaper of general circulation in the City of Los Angeles, the City of San Diego, the City of San Francisco, or the City of Sacramento, whichever is deemed most appropriate by the regents.

(3) The published notices shall specify the general description of the property, the source for bid materials and information, and the date and place for the receiving of sealed bids.

10513.

The publication and award procedures set forth in this article shall not be applicable to any of the following:

(a) The sale of an undivided or fractional ownership interest in real property.

(b) A sale of a right of use in real property that is less than fee ownership.

(c) A sale of real property subject to title conditions or restrictions on the university's ownership deriving from the origin of that ownership by gift, devise, or otherwise, if that sale would be inconsistent with those title conditions or restrictions.

(d) The disposition of real property acquired through exercise of a power of sale pursuant to a deed of trust, or held as an asset in the university's investment portfolio.

(e) A sale of public lands under the direction of the federal land agent.

(f) A sale to a person or entity who will dedicate the real property to public use[, **a sale to a non-profit entity for open space or related uses, or a sale to a public entity**].

(g) A sale of real property acquired after January 1, 1985, through eminent domain proceedings initiated by the Regents of the University of California. In those cases, the person from whom the property was acquired shall be notified and be accorded an exclusive opportunity for 90 days to purchase the property at its fair market value. If the person fails to undertake proceedings to purchase the property within 90 days, the procedures specified in Sections 10511 and 10512 shall then be followed in the sale of the property.

(h) An exchange to acquire real property of another person or entity for university purposes. Any exchange shall be upon terms and conditions agreed to by the exchanging parties.